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May 12, 2014

*Via ECF, email and FedEx*

The Honorable Shelley C. Chapman  
United States Bankruptcy Court  
Southern District of New York  
One Bowling Green  
New York, NY 10004-1408

Re: *In re: Lehman Brothers Holdings Inc., et al.*  
(Case No. 08-13555)

Judge Chapman,

I write on behalf of the Federal Home Loan Bank of Pittsburgh ("FHLBP"), which submitted two claims (Nos. 18987, 18988) in the above-referenced liquidation seeking damages for losses suffered in connection with mortgage-backed securities ("MBS") FHLBP purchased from Debtors. Attached are excerpts from the Prospectus Supplements for two of the MBS at issue, which FHLBP plans to use as exhibits at its May 14, 2014 oral argument on Debtors' objection to FHLBP's claims.<sup>1</sup> These Prospectus Supplements are relevant to showing that subordination under 11 U.S.C. § 510(b) is inappropriate because the MBS are not securities "of the debtor or of an affiliate of the debtor."

Claim 18988 seeks damages stemming from FHLBP's purchase of five MBS: CUSIP Nos. 863581AF1, 86360NAR3, 86364PAD5, 86364YAH7, and 52520SAC4. The Prospectus Supplements for these five MBS are voluminous and substantially identical. Attached as Exhibit A is a copy of the first 30 pages of the Prospectus Supplement for one of these MBS (863581AF1), which serves as an exemplar of the Prospectus Supplements for all five MBS referenced in Claim 18988.<sup>2</sup> This Prospectus Supplement lists Lehman Brother Holdings Inc. as the Sponsor and Seller, Aurora Loan Services LLC as Master Servicer, Structured Asset Securities Corporation as Depositor, and a non-Debtor trust as the Issuing Entity. The first page of the Prospectus Supplement states "[t]he certificates will represent interests in the issuing entity only and will not represent interests in or obligations of the

<sup>1</sup> Debtors filed an objection to FHLBP's claims on April 25, 2013 (ECF No. 36882) and FHLBP filed its Response on July 25, 2013 (ECF No. 39014).

<sup>2</sup> Complete copies of the Prospectus Supplements will be made available upon request.

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sponsor, the depositor or any of their affiliates or any other party." The Risk Factors enumerated on pages S-19 through S-26 include the risk that the underlying mortgage loans may experience higher than anticipated rates of delinquency or foreclosure (*see* S-23), but do not list the risk of insolvency of the Sponsor/Seller, Servicer, Depositor, or Underwriter.

In addition to the five MBS referenced above, Claim 18987 seeks damages relating to a sixth MBS: CUSIP No. 76114GAC1. Attached as Exhibit B is a copy of the first 27 pages of the Prospectus Supplement for this MBS. This Prospectus Supplement lists IndymacBank as Sponsor, Seller, and Servicer; IndyMac MBS, Inc. as Depositor; and a non-Debtor trust as the Issuing Entity. The first page of the Prospectus Supplement for this MBS states "[t]he certificates represent obligations of the issuing entity only." The Debtors' only connection to this MBS is that Lehman Brothers Inc. acted as co-underwriter along with Goldman, Sachs & Co. The Risk Factors enumerated on pages S-19 through S-27 include various risks relating to borrower default on the underlying mortgage loans, but do not list the risk of insolvency of the Underwriters.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Berndt", with a long horizontal flourish extending to the right.

Thomas F. Berndt

Attachments

cc: Jonathan S. Hennes, P.C. - Kirkland & Ellis LLP (via ECF, email and FedEx)  
Joseph Serino, Jr., P.C. - Kirkland & Ellis LLP (via ECF, email and FedEx)  
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